

FISCAL NOTE

This bill changes the distribution of funds from the Strategic Investments and Projects Account (SIPA) to the Wyoming State Penitentiary Capital Construction Account (WSPCCA).

The current distribution of funds from the SIPA to the WSPCCA, beginning on June 30, 2019 for fiscal year 2019 and June 30 of each fiscal year, is one-half of the total fund balance in the SIPA at the end of each fiscal year until the balance in the WSPCCA reaches or exceeds \$250 million.

This bill would change this distribution from the SIPA to the WSPCCA to \$10 million or as much thereof as is available from any unobligated funds on June 30, 2019, and on June 30 of each fiscal year thereafter through June 30, 2038. This distribution would now cease on July 1, 2038.

This bill would also allow the WSPCCA to be invested in the Pool A Investment Account through the fiscal year ending June 30, 2034. Thereafter, all funds in the WSPCCA shall be invested as determined by the State Treasurer. All investment earnings from the WSPCCA would be credited to the WSPCCA.

It is assumed that allowing the WSPCCA to be invested in equities through June 30, 2034 should increase its investment income over the long term for that period. As of the end of FY 2017, investment earnings for the State Agency Pool (SAP), which is not invested in equities, averaged 2.18% for the last 5 years. The investment earnings for the Permanent Wyoming Mineral Trust Fund (PWMTF), which was invested in equities over the same period, averaged 6.62%. Since Pool A is designed to be a longer-term investment than the SAP but a shorter-term investment than the PWMTF based on the liquidity needs of each fund, Pool A would be estimated to earn an amount greater than the SAP (where the account currently resides) but less than the PWMTF. Therefore, the inclusion of equity investments in the WSPCCA should increase revenues over the long term until the authority to invest it in Pool A expires on June 30, 2034. Pool A commenced on July 1, 2017. Therefore, there is no meaningful historical earnings information for Pool A at this time. Since investment returns always depend on a variety of factors such as market conditions and asset allocation, the State Treasurer's Office cannot provide the amount this investment revenue would change for each fiscal year.